



October 8, 2007

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington D.C. 20554

RE: CC Docket No. 96-45

Dear Ms. Dortch:

Virgin Mobile USA, LLC (“Virgin Mobile”) has consistently supported the Federal Communications Commission’s (“FCC”) efforts to reform the Universal Service Fund (“USF”) in a fair and non-discriminatory manner. Virgin Mobile maintains a strong interest in USF reform because prepaid wireless customers tend to be lower-income, lower-usage customers who are particularly sensitive to shifting USF contribution burdens—and are some of the citizens that the program is designed to benefit. By offering an affordable wireless service to this customer segment, Virgin Mobile has effectively broadened the market for wireless services. Indeed, a substantial percentage of Virgin Mobile’s customers are new to wireless service and have annual household incomes below \$35,000.

In connection with its efforts to reform the USF, the Commission has examined the viability of a connections, or numbers-based, contribution methodology. As many parties in this proceeding have noted, adoption of such a system would be unusually regressive and discriminatory, requiring lower-income, lower-usage customers to bear a disproportionate burden of USF contributions. To ameliorate this result, Virgin Mobile has proposed an alternate contribution methodology, which would help to eliminate the regressive nature of a connection or numbers-based USF fee.<sup>1</sup> Under this proposal, users with \$30 in monthly voice revenue (half the postpaid average) would be subject to a reduced connections-based fee. Handsets generating less than \$5 in monthly voice revenue would not be assessed any USF fee. This proposal is consistent with Commission precedent reducing or waiving regulatory fees for low-income or low-usage customers.

Tracfone Wireless also has submitted a proposal to rectify the discriminatory burden that a numbers-based approach would pose for low-volume prepaid wireless

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<sup>1</sup> See *Notice of Ex Parte*, Virgin Mobile USA, LLC, CC Docket No. 96-45 (filed July 13, 2006).



Ms. Marlene Dortch  
October 8, 2007  
Page 2

customers.<sup>2</sup> Under this so-called “By the Minute” plan, USF contributions would be based on the minutes that a prepaid wireless customer actually uses, multiplied by a predetermined per-minute contribution fee based on average wireless customer usage. Consistent with the Virgin Mobile proposal, the “By the Minute” approach properly recognizes the low volume and intermittent nature of prepaid wireless services and appropriately distinguishes between higher-volume and lower-usage subscribers provided that it applies to all prepaid and prepaid hybrid plans. As such, Virgin Mobile supports the “By the Minute” proposal, in the form submitted by Tracfone on June 14, 2007, as an alternative to its own and respectfully requests that the Commission carefully consider its merits.

Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

/s/

Peter Lurie

*Counsel to Virgin Mobile USA, LLC*

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<sup>2</sup> See Notice of Ex Parte Presentation, Tracfone Wireless, CC Docket No. 96-45 (filed June 14, 2007).